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Registered number: 6831456

THOMAS SPORTS GROUP LIMITED

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2009

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THOMAS SPORTS GROUP LIMITED

COMPANY INFORMATION

Directors	S Franklin C G Sheath W B Speirs C Pye N P Usher
Secretary	C G Sheath
Company number	6831456
Registered office	230 Station Road Finedon Northants NN9 5NT
Auditors	PKF (UK) LLP Regent House Clinton Avenue Nottingham NG5 1AZ
Bankers	Barclays Bank plc 8 Market Place Kettering Northants NN16 0AX

THOMAS SPORTS GROUP LIMITED

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THOMAS SPORTS GROUP LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2009

The directors present their report and the financial statements for the period from incorporation to 31 December 2009

Principal activities

The group's principal activities are the sale and distribution of clothing, accessories and parts for the motorcycle industry

Business review and financial overview

As part of a group restructuring, Thomas Sports Group Limited was incorporated on 27 February 2009 and become the new holding company of the business previously headed by Thomas Sports Limited

Turnover and operating profit are key measures of the group's performance. Turnover for the period ended 31 December 2009 was £10.9m. The group has recorded an operating loss of £1.1m for the period ended 31 December 2009.

The directors believe that the group is in an excellent position to consolidate on its successful domestic and international operations.

As explained in note 29, in February 2010 the group converted £8m of debt into equity and repaid £458,000 of loans using the net proceeds from the disposal of a vacant freehold property. At the same time the group entered into a new facilities agreement. The pro forma balance sheet showing the effect of these changes is illustrated in the table below and has served to strengthen the consolidated balance sheet.

£m	December 2009 £m	Refinancing and asset disposal £m	Proforma Balance Sheet £m
Fixed assets	14.5	(0.5)	14.0
Net current assets	(15.8)	18.7	2.9
Creditors falling due > 1 year	(0.2)	(10.2)	(10.4)
Net assets/ (liabilities)	<u>(1.5)</u>	<u>8.0</u>	<u>6.5</u>

Results and dividends

The trading results for the period and the group's financial position at the end of the period are shown in the attached financial statements, and are discussed further in the business review above.

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the period were:

S M Franklin (appointed 27 February 2009)

W B Speirs (appointed 27 March 2009)

P Phillips (appointed 27 February 2009, resigned 22 March 2010)

Following the period end C Pye and N P Usher were appointed directors on 1 January 2010 and C G Sheath was appointed a director on 24 February 2010.

THOMAS SPORTS GROUP LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2009

Financial risk management objectives and policies

The group uses various financial instruments including loans, cash, equity investments, and various items, such as trade debtors and trade creditors that arise directly from its operations. The main risks arising from the group's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Currency risk

The group is exposed to transaction foreign exchange risk for both its sales and purchases. The group policy is to try to match the timing of the settling of these sales and purchase invoices so as to eliminate, as far as possible, currency exposures. Where there is a material residual exposure the group currently buys currency in the market to meet that residual exposure. The market is kept under constant review and if appropriate the group would use forward currency contracts to minimise the risk associated with that exposure.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The group's policy has been to have sufficient facilities available to maintain short-term flexibility.

Interest rate risk

The group finances its operations through a mixture of retained profits, bank borrowings and loan notes. The group exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

Credit risk

The group's principal financial assets are cash and trade debtors. Risks associated with cash are limited as the banks have high credit ratings assigned by international credit-rating agencies. The principal credit risk lies with trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by credit control on a regular basis in conjunction with debt ageing and collection history.

During 2009, in the light of the tougher domestic and international economic situation, the directors decided to review the adequacy of the group's debtor provisions and concluded that additional provisions were required. The directors will continue to keep this area under review during 2010 and 2011 and make any further adjustments that they deem necessary.

Provision of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

This report was approved by the board on *17 November 2009* and signed on its behalf



C G Sheath
Secretary

THOMAS SPORTS GROUP LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE PERIOD ENDED 31 DECEMBER 2009**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THOMAS SPORTS GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THOMAS SPORTS LIMITED

We have audited the financial statements of Thomas Sports Group Limited for the period ended 31 December 2009 which comprise the consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2009 and of the group's loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

THOMAS SPORTS GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THOMAS SPORTS LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

PKF (UK) LLP

Roger Merchant (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditors

Nottingham, UK

Date *18 November 2010.*

THOMAS SPORTS GROUP LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2009**

	Note	2009 £000
TURNOVER	1,2	10,918
Cost of sales		<u>(6,034)</u>
GROSS PROFIT		<u>4,884</u>
Selling and distribution costs		(933)
Administrative Expenses		<u>(5,038)</u>
OPERATING LOSS	3	(1,087)
Interest payable	7	<u>(447)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,534)
Tax on profit on ordinary activities	8	<u>-</u>
LOSS FOR THE FINANCIAL PERIOD	20	<u><u>(1,534)</u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2009 other than those included in the profit and loss account

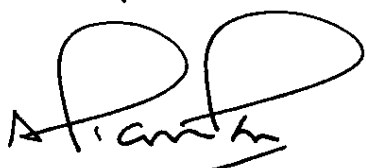
The notes on pages 10 to 25 form part of these financial statements

THOMAS SPORTS GROUP LIMITED

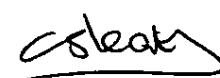
**REGISTERED NUMBER: 6831456
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2009**

	Note	£000	2009 £000
FIXED ASSETS			
Intangible assets	10		11,691
Tangible fixed assets	11		<u>2,780</u>
			14,471
CURRENT ASSETS			
Stocks	13	3,384	
Debtors amounts falling due within one year	14	2,954	
Cash at bank and in hand		<u>576</u>	
		6,914	
CREDITORS: amounts falling due within one year	15	<u>(22,714)</u>	
NET CURRENT LIABILITIES			<u>(15,800)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(1,329)
CREDITORS: amounts falling due after more than one year	16		<u>(204)</u>
NET LIABILITIES			<u>(1,533)</u>
CAPITAL AND RESERVES			
Called up share capital	19		1
Profit and loss account	20		<u>(1,534)</u>
DEFICIT OF SHAREHOLDERS' FUNDS	21		<u>(1,533)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 November 2010



S M Franklin
Director



C G Sheath
Director

The notes on pages 10 to 25 form part of these financial statements

THOMAS SPORTS GROUP LIMITED

REGISTERED NUMBER: 6831456
COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2009

	Note	£000	2009 £000
FIXED ASSETS			
Investments	12		95
CURRENT ASSETS			
Debtors amounts falling due within one year	14	30	
Cash at bank		<u>1</u>	
		31	
CREDITORS amounts falling due within one year	15	<u>(132)</u>	
NET CURRENT LIABILITIES			<u>(101)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(6)</u>
CAPITAL AND RESERVES			
Called up share capital	19		1
Profit and loss account	20		<u>(7)</u>
DEFICIT OF SHAREHOLDERS' FUNDS	21		<u>(6)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 November 2010


S M Franklin
Director


C G Sheath
Director

The notes on pages 10 to 25 form part of these financial statements

THOMAS SPORTS GROUP LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2009

	Note	2009 £000
Net cash outflow from operating activities	22	(894)
Returns on investments and servicing of finance	23	(447)
Taxation	23	-
Capital expenditure and financial investment	23	(200)
Acquisitions and disposals	23	(95)
CASH OUTFLOW BEFORE FINANCING		(1,636)
Financing	23	<u>(8)</u>
DECREASE IN CASH IN THE PERIOD	24	<u>(1,644)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE PERIOD ENDED 31 DECEMBER 2009

	2009 £000
Decrease in cash in the period	(1,644)
Cash inflow from decrease in debt and lease financing	<u>8</u> (1,636)
New finance leases	<u>(55)</u>
MOVEMENT IN NET DEBT IN THE PERIOD	(1,691)
Cash acquired with subsidiary	1,028
Bank loans and overdrafts acquired with subsidiary	<u>(18,263)</u>
NET DEBT AT 31 December 2009	<u>(18,926)</u>

The notes on pages 10 to 25 form part of these financial statements

THOMAS SPORTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Going concern

The accounts have been prepared on the basis that the group will continue as a going concern for the next 12 months. The directors have prepared trading projections for 2010 to 2013 that have been discussed with the company's bankers. Since the period end, the bank has agreed to restructure the group's loans by converting £8m of loans to equity and providing an overdraft facility in line with the projections. On the basis of these forecasts the directors believe that the group will have sufficient financial resources to satisfy its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements and therefore have prepared the financial statements on a going concern basis.

The financial statements do not include the adjustments that would result if the group and company was unable to continue as a going concern.

1.2 Basis of consolidation

The financial statements consolidate the audited accounts of Thomas Sports Limited and all of its subsidiary undertakings ('subsidiaries') made up to 31 December 2009.

A separate profit and loss account for the parent company has not been prepared as permitted by Section 408 of the Companies Act 2006.

The group financial statements consolidate those of the company and of its subsidiary undertakings (see note 12) drawn up to 31 December 2009. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting.

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated useful economic life as shown in note 10.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied exclusive of Value Added Tax and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer.

1.4 Intangible fixed assets and amortisation

Patents and trademarks are included at cost and amortised on a straight-line basis over their useful economic lives of 20 years.

Purchased goodwill, representing the excess of the fair value of the consideration given over the fair values of identifiable net assets acquired, is capitalised and is amortised to the profit and loss account over its estimated economic life of 20 years.

THOMAS SPORTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold buildings	-	2% straight line
Office fixtures	-	20-33% straight line
Motor vehicles	-	25% straight line

Freehold land is not depreciated

1.6 Investments

Investments are stated at cost less amounts written off

1.7 Stock

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Costs include all direct costs and an appropriate proportion of fixed and variable overheads

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

1.10 Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the period

THOMAS SPORTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES (continued)

1.11 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

1.12 Comparatives

As these financial statements cover the first period of trading there are no comparative figures.

2. TURNOVER

The turnover and loss on ordinary activities before taxation are attributable to one activity, being the design and sale of motorcycle clothing, footwear, parts and accessories.

The analysis of turnover by geographical market has not been disclosed, as the directors consider that such analysis could be seriously prejudicial to the interests of the group.

3 OPERATING LOSS

The operating loss is stated after charging / (crediting)

	2009 £000
Depreciation of tangible fixed assets	
- owned by the company	354
- held under finance lease or hire purchase contracts	8
Amortisation of intangible fixed assets	
-Goodwill	447
-Patents and trademarks	15
Profit on disposal of tangible fixed assets	(10)
Difference on foreign exchange	(51)
Bad debts	246
Stock provisions	<u>(811)</u>

THOMAS SPORTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2009

4 AUDITORS' REMUNERATION

	2009 £000
Fees payable to the company's auditor for the audit of the company's annual accounts	2
Fees payable to the company's auditor and its subsidiaries in respect of	
The auditing of accounts of subsidiaries of the company	49
Accountancy services provided to subsidiaries of the company	6
Other services relating to taxation	<u>8</u>

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2009 £000
Wages and salaries	2,040
Social security costs	187
Other pension costs	42
	<u>2,269</u>

The average number of employees, including the directors, of the group during the period was 85. The company has no employees other than the directors.

6. DIRECTORS' REMUNERATION

	2009 £000
Emoluments (including benefits in kind)	<u>441</u>
Pension contributions	<u>19</u>

During the period retirement benefits were accruing to 4 directors in respect of money purchase pension schemes.

The highest paid director received remuneration of £294k, plus pension contributions of £11k.

7. INTEREST PAYABLE

	2009 £000
Bank loans and overdrafts	445
Finance leases and hire purchase contracts	<u>2</u>
	<u>447</u>

THOMAS SPORTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2009**

8. TAXATION

Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 28%
The differences are explained below

	2009 £000
Loss on ordinary activities before tax	<u>(1,534)</u>
Loss on ordinary activities multiplied by the rate of corporation tax of 28%	(430)
Effects of	
Expenses not deductible for tax purposes	77
Depreciation in excess of capital allowances	94
Goodwill not deductible for tax purposes	125
Tax losses	916
Other timing differences	(782)
	<u>-</u>
Current tax charge for the period	<u>-</u>

Factors that may affect future tax charges

There are tax losses available to utilise against taxable profits arising from the same trade (see note 18)

9. LOSS FOR THE FINANCIAL PERIOD

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's loss for the period was £7,000

THOMAS SPORTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2009**

10. INTANGIBLE FIXED ASSETS

Group	Patents and trademarks £000	Goodwill on Consolidation £000	Total £000
Cost			
Additions	<u>220</u>	<u>11,933</u>	<u>12,153</u>
At 31 December 2009	<u>220</u>	<u>11,933</u>	<u>12,153</u>
Amortisation			
Provided in the period	<u>15</u>	<u>447</u>	<u>462</u>
At 31 December 2009	<u>15</u>	<u>447</u>	<u>462</u>
Net book value			
At 31 December 2009	<u><u>205</u></u>	<u><u>11,486</u></u>	<u><u>11,691</u></u>

Goodwill included above relates to the following

	Date of acquisition	Period of amortisation	Goodwill at original cost £000
Thomas Sports Limited	27 March 2009	20 years	11,933

THOMAS SPORTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2009**

11 TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £000	Office fixtures £000	Motor vehicles £000	Total £000
Cost				
On acquisition	2,223	527	173	2,923
Additions	-	154	73	227
Disposals	-	-	(8)	(8)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2009	2,223	681	238	3,142
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
Charge for the period	9	266	87	362
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2009	9	266	87	362
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2009	<u>2,214</u>	<u>415</u>	<u>151</u>	<u>2,780</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2009 £000
Motor vehicles	<u><u>62</u></u>

The gross amount of land and buildings on which depreciation is being provided is £1,837,000 Freehold land is not depreciated

On 16 February 2010 the company sold the land and buildings at the Higham Ferrers site following the consolidation of the operating activities of the group at the Finedon site The net consideration received was £458,000

THOMAS SPORTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2009**

12 FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £000
Cost	
At 31 December 2009	<u><u>95</u></u>

At 31 December 2009 the company held 20% or more of the allotted share capital of the following

Company name	Country	Class of share capital held	Percentage Shareholding	Description
Thomas Sports Limited	England	Ordinary	100%	Holding company
Frank Thomas Holdings Limited*	England	Ordinary	100%	Dormant holding company
Frank Thomas Limited*	England	Ordinary	100%	Sale of motorcycle clothing and accessories
Motrax Motorcycle Accessones Limited*	England	Ordinary	100%	Sale of motorcycle accessories
Bikezone Limited*	England	Ordinary	100%	Dormant
Lintek Limited*	England	Ordinary	100%	Dormant
BKS Limited*	England	Ordinary	100%	Sale of motorcycle clothing, footwear and accessories

*Indirect holdings

All subsidiary undertakings have been included in the consolidation

13. STOCKS

	<u>Group</u>	<u>Company</u>
	2009 £000	2009 £000
Goods for resale	<u><u>3,384</u></u>	<u><u>-</u></u>

THOMAS SPORTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2009**

14. DEBTORS

	<u>Group</u>	<u>Company</u>
	2009 £000	2009 £000
Debtors due within 1 year		
Trade debtors	2,776	-
Other debtors	14	30
Prepayments and accrued income	164	-
	<u>2,954</u>	<u>30</u>

**15 CREDITORS:
Amounts falling due within one year**

	<u>Group</u>	<u>Company</u>
	2009 £000	2009 £000
Bank loans and overdrafts	19,455	-
Trade creditors	1,523	-
Amounts owed to group undertakings	-	125
Social security and other taxes	378	-
Net obligations under finance leases	18	-
Other creditors	1,340	7
	<u>22,714</u>	<u>132</u>

The bank loans and overdrafts are secured by a fixed charge over the properties, and by a cross guarantee and debenture

THOMAS SPORTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2009**

16 CREDITORS:
Amounts falling due after more than one year

	<u>Group</u>	<u>Company</u>
	2009 £000	2009 £000
Other loans	175	-
Net obligations under finance leases	29	-
	<u>204</u>	<u>-</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2009 £000
Between one and five years	<u>29</u>

17. BORROWINGS

	<u>Group</u>	<u>Company</u>
	2009 £000	2009 £000
Within one year - Bank borrowings	19,455	-
	<u>19,455</u>	<u>-</u>

Bank loans

The company has the following bank loans

	Balance	Maturity	Interest rate
Term A	£8,263,000	31 December 2011	LIBOR + 3.5%
Term B	£10,384,000	31 December 2011	LIBOR + 5% payment in kind interest

The group entered into further financial restructuring after the year end, the changes in the group's and company's borrowing arrangements post year end are set out in note 29. In March 2009 the loan notes were converted to equity.

THOMAS SPORTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2009

18 DEFERRED TAXATION

Each of the trading subsidiaries has a deferred tax asset in respect of accelerated capital allowances and tax losses available for future relief against profits of the same trade. The tax benefit at 31 December 2009 was £3.5m.

The deferred tax assets have not been recognised in the financial statements of the subsidiaries or the consolidated financial statements.

19. SHARE CAPITAL

**2009
£000**

Allotted, called up and fully paid

65,000 A Ordinary shares of 1p each	1
24,250 B Ordinary shares of 1p each	-
	<u>1</u>

During the period, the company issued 65,000 A Ordinary shares of 1p each and 24,250 B Ordinary shares of 1p each as part of the group restructuring transaction in March 2009.

20. RESERVES

	Profit and loss account £000
Group	
Loss for the period	(1,534)
	<u> </u>
At 31 December 2009	<u><u>(1,534)</u></u>
Company	
Loss for the period	(7)
	<u> </u>
At 31 December 2009	<u><u>(7)</u></u>

THOMAS SPORTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2009**

21 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2009 £000
Group	
Share capital issued during the period	1
Loss for the period	<u>(1,534)</u>
Closing shareholders' funds	<u>(1,533)</u>

	2009 £000
Company	
Share capital issued during the period	1
Loss for the period	<u>(7)</u>
Closing shareholders' funds	<u>(6)</u>

22 NET CASH FLOW FROM OPERATING ACTIVITIES

	2009 £000
Operating loss	(1,087)
Loss on sale of fixed assets	(10)
Depreciation and amortisation	824
Decrease in stocks	427
Decrease in debtors	6,866
Increase in creditors	<u>(7,914)</u>
Net cash inflow from operations	<u>(894)</u>

THOMAS SPORTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2009**

23 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2009 £000
Returns on investments and servicing of finance	
Interest on finance lease agreements	(2)
Interest on bank loans	(445)
	<hr/>
Net cash outflow from returns on investments and servicing of finance	<u><u>(447)</u></u>
	2009 £000
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(218)
Sale of tangible fixed assets	18
	<hr/>
Net cash outflow from capital expenditure	<u><u>(200)</u></u>
	2009 £000
Financing	
Finance lease repayments	(8)
	<hr/>
Net cash outflow from financing	<u><u>(8)</u></u>
	2009 £000
Acquisitions and disposals	
Purchase of subsidiary undertaking	(95)
	<hr/>
Net cash outflow from acquisitions and disposals	<u><u>(95)</u></u>

THOMAS SPORTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2009

24. ANALYSIS OF CHANGES IN NET DEBT

	On acquisition	Cash flow	Other non-cash changes	31 December 2009
	£000	£000	£000	£000
Cash at bank and in hand	1,028	(452)		576
Bank loans and overdraft	<u>(18,263)</u>	<u>(1,192)</u>		<u>(19,455)</u>
	(17,235)	(1,644)		(18,879)
Debt.				
Finance leases		8	(55)	(47)
Net funds	<u>(17,235)</u>	<u>(1,636)</u>	<u>(55)</u>	<u>(18,926)</u>

Other non-cash changes relate to new finance leases

25. PENSION COMMITMENTS

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund.

26. CONTINGENT LIABILITIES

A cross guarantee has been entered into between Frank Thomas Holdings Limited, Frank Thomas Limited, Bikezone Limited, Motrax Motorcycle Accessories Limited and Lintek Limited in respect of the group's bank borrowings. At 31 December 2009 this amounted to £19,455,000.

27. RELATED PARTY TRANSACTIONS

During the period, fees were paid to Barclays Converted Investments (No. 2) Limited for services totalling £30,000.

Mr N Usher, a director, is a shareholder of MPS Express Limited. During the period the company reassessed its trading relationship with MPS Express Limited and wrote off the debt as set out below. The company continues to trade with MPS on a consignment stock basis.

	2009 £000
Sales made to MPS Express Limited	128
Amount due from MPS Express Limited at 31 December	33
Debt provided for	33
Debt written off	<u>269</u>

THOMAS SPORTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2009

28. ACQUISITION OF SUBSIDIARY

On 27 March 2009 the company acquired the share capital of Thomas Sports Limited which became a 100% subsidiary with effect from that date

The purchase was accounted for as an acquisition. No adjustments were required to the book values of the assets and liabilities of Thomas Sports Limited in order to present the net assets at fair values in accordance with group accounting principles. The details of the fair value of the assets acquired are set out below

	Fair value
	£'000
Fixed assets	
Patents and trademarks	220
Tangible fixed assets	2,877
Current assets	
Stocks	3,811
Debtors	9,820
Current liabilities	
Bank balances	(1,143)
Loans	(18,263)
Creditors	(9,160)
Net liabilities acquired	(11,838)
Consideration	(95)
Goodwill on acquisition	11,933

Acquisition of subsidiary (continued)

The cost of acquisition was satisfied by cash

The book values of the assets and liabilities have been taken from the unaudited consolidated management accounts of Thomas Sports Limited at 31 March 2009

THOMAS SPORTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2009

29 POST BALANCE SHEET EVENTS

In February 2010 agreement was reached with Barclays Bank to convert £8m of the group's loan debt to share capital. Furthermore the group disposed of the vacant freehold property and applied the net proceeds £458,000 against the loans.

The outstanding debt was restructured into three term loans as follows

	Final repayment date	£000
Loan A1	31 December 2013	4,000
Loan A2	31 December 2013	4,497
Loan B	31 December 2014	<u>2,500</u>
		<u>10,997</u>

Based on future cashflow projections the bank has also agreed to provide an overdraft facility until 31 December 2011 which is repayable on demand.

The effect of the debt restructuring has significantly reduce the quantum of borrowing. The proforma effect of these changes is illustrated in the table below and has served to considerably strengthen the balance sheet.

	Balance sheet December 2009	Refinancing and asset disposal	Proforma Balance Sheet November 2010
	£'000	£'000	£'000
Net Assets excluding borrowings	17,922	(458)	17,464
Total borrowings (see Note 17)	<u>(19,455)</u>	<u>8,458</u>	<u>(10,997)</u>
Net assets/ (liabilities) per accounts	<u>(1,533)</u>	<u>8,000</u>	<u>6,467</u>

30. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Barclays Converted Investments (No 2) Limited by virtue of their interest in the share capital of the company.